

Subject: Let's not get outplayed

Good Morning, Hope you all had a good weekend. I am been thinking about where we are and where we are headed these next 2-3 weeks and I have some concerns.

Sizing up the big ideas of the session, I am concerned about how some of this is playing out and I believe we need to be more strategic with regard to HBs 1, 2, & 3, and SB 500. **We need to see all 4 of these proposals linked and our votes should reflect that.**

Both HB 1 and SB 500 are in good shape appropriating significant dollars for our shared priorities— by sessions end, these bills will be a **win for the House**.

HB 3 is without a doubt a big **win for the House** and there is no question Speaker Bonnen wants a near unanimous vote in order to position this bill for conference. He and Huberty have been working hard to that end with changes to the committee substitute.

That leaves HB 2, the revenue cap bill. **HB 2 is lowest priority of the House relative the above**, but it is a high priority for the Senate and Governor. I will remind you the Senate has its very own property tax committee just for SB 2. If you have been following closely, you know that SB 2 is stalled in the Senate and I am told there isn't support for the current revenue cap of 2.5%. Some go even further saying the Senate lacks support at 4% but could pass it at 5%.

With the Senate stalled, the House has moved forward in an effort to stimulate discussion. The House Committee on Ways and Means is working hard and all committee members have input shaping this proposal. The gist of the discussion involves setting an appropriate revenue cap %, providing some exemptions or hold harmless provisions that won't be subject to the cap, and to decide on whether or not to exempt certain taxing entities altogether e.g. hospital districts, college districts, emergency service districts etc...

HB 3 is proof positive that a revenue cap doesn't work and that is why Pub Ed dropped the 2.5% cap on ISDs and replaced the tax compression with a 4 cent buy down on property tax. In short, the state couldn't afford HB 3 with a 2.5.% compression.

WAM is waiting for a committee sub but I am concerned about the chatter. Folks in the know are telling me the Governor and the Senate are determined to force a 2.5% **while the Senate is looking for a win this session. We cannot get outplayed on this one**—meaning we need a commitment on HB 2 contemporaneous to our votes for HB1, 3 and SB 500.

- 1. We need to see a committee sub that works for our constituents that reflects input from Ds on WAM;
- 2. We need to agree to the terms of the debate and get a commitment from the floor, to conference, and to final concurrence;
- 2.5 We need to know strategy to make sure SB/HB2 isn't the ransom if/when Senate takes HB 3 hostage;
- 3. We need to make clear that we will not compromise on HB/SB 2 and trade it for HB 1,3 or SB 500; and
- 4. We need to let our counterparts know that we see all 4 of these bills as linked.

I would like a meeting of principals with Chairs Zerwas, Huberty, and Burrows. It is my intent to make that request today. I will keep you posted.

Please let me know if you see this differently and let me know your thoughts. I want to make sure we have a plan b/c HB 1, 3 and SB 500 will be in the Senate well before the House moves on HB 2. I don't want to be in the rearview mirror on this one.

Have a good week, see you on the floor,
TMF